

Message Text

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ACTION AF-10

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INFO AMEMBASSY ADDIS ABABA
AMEMBASSY BONN
AMEMBASSY BUJUMBURA
AMEMBASSY DAR ES SALAAM
AMEMBASSY KIGALI
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CINCUSNAVEUR LONDON

C O N F I D E N T I A L NAIROBI 12260

E.O. 11652: GDS
TAGS: PEPR, UG
SUBJ: CURRENT SITUATION IN UGANDA

1. HUGH DUNN, THE AUSTRALIAN HIGH COMMISSIONER IN NAIROBI, VISITED UGANDA LAST WEEK. AT A MEETING OF DIPLOMATIC UGANDA WATCHERS IN NAIROBI, HE REPORTED THE FOLLOWING, STRESSING THAT MUCH OF HIS INFORMATION WAS HEARSAY AND IMPRESSION RATHER THAN HARD FACT.

2. THE LEVEL OF TENSION IN UGANDA, BOTH IN KAMPALA AND THROUGHOUT THE COUNTRYSIDE, IS CONSIDERABLY HIGHER THAN AT THE TIME OF DUNN'S PREVIOUS VISIT SOME FOUR MONTHS AGO. THE FIRING OF MOSES ALI, FORMER FINANCE MINISTER AND ONE OF THE MOST COMPETENT PEOPLE IN GOVERNMENT, HAS CLEARLY SET AMIN SOMEWHAT AT ODDS WITH THE NUBIAN ELEMENT IN THE ARMY AND HAS CAUSED HIM TO TAKE INCREASED SECURITY MEASURES. ARMED GUARDS AND PATROLS WERE IN EVIDENCE EVERYWHERE THE
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HIGH COMMISSIONER VISITED. THERE WAS, HOWEVER, NO EVIDENCE OF ANY NEW WAVE OF KILLINGS. MOSES ALI IS ALIVE AND WELL UP IN HIS HOME VILLAGE.

3. ALTHOUGH THERE SEEMS TO HAVE BEEN A STORM, AMIN EVIDENTLY HAS WEATHERED IT, AND THERE IS NO INDICATION OF AN IMMINENT COLLAPSE OF THE REGIME. THE ARMY IS STILL ALL

POWERFUL, AND NO ONE BELIEVES THAT ANY CHALLENGE COULD BE MOUNTED FROM THE CIVILIAN SIDE. THERE WAS GENERAL AGREEMENT AMONG ALL WITH WHOM THE HIGH COMMISSIONER SPOKE, BOTH EXPATRIATE AND UGANDAN, THAT THE EXILES POSE NO THREAT TO AMIN.

4. THE ECONOMY IS IN A STATE OF QUASI COLLAPSE. AMIN'S FOREIGN CURRENCY RESERVES ARE COMPLETELY EXHAUSTED, AND THE GOVERNMENT OPERATES FROM MONTH TO MONTH ON CURRENT REVENUES FROM COFFEE SALES. POL SUPPLIES CONSUME 50 PERCENT OF ALL AVAILABLE FOREIGN EXCHANGE. AMIN IS STILL HAVING PROBLEMS WITH KENYA, WHICH RESTRICTS THE QUANTITY OF UGANDAN COFFEE PASSING OVERLAND TO MOMBASA EACH MONTH. AMIN IS CONSEQUENTLY STILL AIR-FREIGHTING COFFEE TO DJIBOUTI AND PERHAPS OTHER PORTS, BUT NOT ENOUGH CAN BE MOVED IN THIS FASHION TO BRING IN SIGNIFICANT REVENUES. THE UGANDANS COMPLAIN LOUDLY OF KENYA'S INTRASIGENCE, ADMITTING THAT THEY DO OWE KENYA A FAIR AMOUNT OF MONEY, BUT ARGUING THAT THEY CANNOT EARN THE WHEREWITHAL TO PAY OFF THESE DEBTS UNLESS THEY CAN EXPORT THEIR COFFEE. (BELGIAN AMBASSADOR COMMENTED THAT 100 FREIGHT CARS BUILT IN BELGIUM FOR UGANDA HAVE BEEN HELD FOR SEVERAL WEEKS IN MOMBASA BY THE KENYANS, WHO HAVE GIVEN NO INDICATION AS TO WHEN THEY MIGHT RELENT AND RELEASE THEM. IF UGANDA HAD THESE CARS, IT WOULD BE ABLE TO SHIP A GOOD BIT MORE OF ITS COFFEE THROUGH KENYA BY RAIL.) SOME \$40-MILLION IN CONTRACTS FOR VARIOUS GOODS, CONFIDENTIAL

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PLACED DURING PERIOD WHEN COFFEE WAS HIGH AND ACCESS TO PORTS EASIER, HAVE BEEN CANCELLED. UGANDA AT PRESENT HAS ABOUT 90,000 TONS OF COFFEE IN WAREHOUSES AWAITING SHIPMENT.

5. ONE OF THE COUNTRY'S GREATEST ECONOMIC PROBLEMS IS THE DIFFICULTY EXPERIENCED BY BOTH PUBLIC AND PRIVATE SECTORS IN ATTRACTING EMPLOYEES. THERE ARE VERY FEW CONSUMER GOODS TO BE FOUND ANYWHERE, INCLUDING SUCH BASICS AS SALT AND SUGAR, WHICH RENDERS THE UGANDAN CURRENCY, FOR ALL PRACTICAL PURPOSES, ALMOST WORTHLESS. AN INCREASING NUMBER OF PEOPLE, THEREFORE, CHOOSE NOT TO ACCEPT EMPLOYMENT.

6. THE SUBSISTENCE SECTOR OF THE ECONOMY IS, ON THE CONTRARY, FLOURISHING. IT WAS APPARENT IN THE HIGH COMMISSIONER'S TRAVELS OUTSIDE OF KAMPALA THAT THE PEASANTRY HAS PLENTY TO EAT BUT, LIKE THOSE WHO SELL THEIR LABOR, HAVE BASICALLY DROPPED OUT OF THE CASY MARKET.

7. ALTHOUGH THE ECONOMIC PICTURE IS EXTRAORDINARILY GLOOMLY, NEITHER THE HIGH COMMISSIONER'S INTERLOCUTORS IN UGANDA NOR THE MEMBERS OF THE UGANDA WATCHERS GROUP HERE FELT THERE WOULD BE QUICK DEMISE OF THE AMIN REGIME. ALL

SEEMED TO THINK THAT AMIN WILL CONTINUE TO SELL ENOUGH COFFEE TO KEEP THE GOVERNMENT OPERATING AT A MINIMAL STANDARD AND, MORE IMPORTANTLY, TO FURNISH THE ARMY WITH ENOUGH IMPORTED CONSUMER GOODS TO KEEP THE SOLDIERS CONTENT AND THUS ENSURE THE SECURITY OF THE REGIME.

8. NO ONE HAD SEEN OR HEARD OF ANY CUBAN MILITARY PRESENCE IN UGANDA.

9. AMIN DID NOT DRIVE IN THE RACE, ALL STORIES TO THE CONTRARY NOTWITHSTANDING.
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